Shared Ownership and Charitable Status Policy

Policy Owner:	Executive Director of Finance
Policy Lead:	Director of Development & Sales
Approved by:	Executive Team
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Contents

Purpose and scope of the policy

This policy sets out how we assess the suitability of homes for shared ownership and sell them to 'charitable beneficiaries' (people or organisations that fall within the class of people who will or may be helped by us as a charitable institution).

Moat is a housing association formed for the benefit of the community. Our objectives are to carry out for the benefit of the community:

- the business of providing social housing, other affordable housing, accommodation, and assistance to help house people and provide associated facilities and amenities for poor people or for the relief of aged, disabled (whether physically or mentally or learning disabled) or chronically sick people.
- any other charitable object that is not prohibited for an Industrial and Provident Society registered as a non-profit provider of social housing with the Regulator of Social Housing.

We aim to develop communities with shared ownership homes alongside rented homes as an effective way of relieving poverty and housing need.

Our shared ownership homes are principally built to relieve housing need. They also serve several charitable purposes that promote urban or rural regeneration in areas of social and economic deprivation.

We do not trade for profit, and nothing is paid or transferred by way of profit to shareholders. We may undertake a small amount of non-charitable investment and it is important to note that profits derived from this may be taxable.

1. Development of new shared ownership homes

1.1 There are four layers when we're deciding what homes we're building are for charitable beneficiaries and this will determine if we proceed with a development on a charitable basis or not.

1.2 We procure new homes via two routes:

1. Section 106 - we acquire homes as part of a wider private sale development
2. Land Led - we have control over a site and are responsible for all homes delivered on it.

In both cases, the tenure mix (type of homes being built) is agreed with the Local Planning Authority in accordance with the National Planning Framework.

1.3 Local Planning Policy is determined by individual Local Authorities and is influenced by a regular local Strategic Housing Market Assessment (SHMA). The SHMA assesses local demographics compared to current housing supply and determines the future housing requirements for the local authority area. The Local Authority Planning Policy will set target requirements for affordable housing provision under Section 106 agreements. In cases of very high value developments, where affordable provision is not deemed appropriate, a Local Authority may accept a commuted sum in lieu of affordable housing provision on that site.

1.4 **Layer 1:** Our assumption is that all shared ownership homes developed via Section 106 are deemed as affordable and appropriate for charitable beneficiaries in the areas where we operate as this has been determined as helping those in housing need through Local Planning Policy (reinforced by the detailed local market assessment contained within the SHMA).

1.5 We always consult Local Authorities about the development of new shared ownership homes and we will not proceed unless their support is received.

1.6 **Layer 2:** Most of our new homes are developed through either a Homes England or Greater London Authority (GLA) approved programme. Therefore, the homes meet the Government's affordable housing requirements.

1.7 In the case of 'Land Led' projects this will include supporting the use of Capital Grant. In the case of both Section 106 and Land Led development, Homes England / the GLA require that all schemes have a value for money assessment. Where a development project is outside of an approved programme this will be because there are conditions contained in the Section 106 which restrict the sale of homes to a specific locality (often a Local Authority area) and these restrictions prevent the scheme being delivered through an approved programme. These projects will be assessed as to whether they are charitable or non-charitable.

1.8 Approval for all new shared ownership homes is made through either our Capital Projects Committee (CPC) or, for projects with a total scheme cost in excess of the amount delegated to the Executive Team (currently £25m) via Moat Homes Limited Board.

1.9 Shared ownership is aimed at helping people in housing need who are unable to afford to purchase (or rent) a home on the open market. We'll demonstrate the costs of these homes is less than the cost of purchasing (or renting) the equivalent home on the open market.

1.10 **Layer 3:** The Head of Sales and Marketing submits a report to CPC which compares the cost of living in a shared ownership home to the cost of purchasing or renting an equivalent open market new build or secondhand home.

1.11 Shared owners can be considered as beneficiaries of charity as they need assistance to buy a home. This can be because of their age, mental and physical wellbeing, or poverty.

1.12 A person does not need to be destitute to be eligible for a home. This can translate to: **Are the customer's means reasonably sufficient to enable them to buy or rent a suitable home in an area which is reasonably convenient to them?**

1.13 **Layer 4**: Detailed sales and marketing reports are produced for new homes that are presented at CPC. These reports include confirmation that there is sufficient demand to support shared ownership sales in the location and that customers will be able to afford homes in the location. The following are also taken into consideration:

- Security of tenure in that area - particularly for households including children when comparing to open market rented property.

- Availability - there may not be sufficient suitable accommodation of an appropriate size available on the rented market.
- Location – for example, availability of transport links and cost of commuting from lower cost areas
- Regeneration and social diversity – may provide good reasons for the provision of mixed affordable housing in a particular area.

2. Shared ownership sales – purchaser approval

2.1 Our Shared Ownership Homes Sales Policy sets out how we sell our shared ownership homes. Alongside this policy, we'll also look at:

(i) whether a buyer could afford to buy a suitable similar home on the open market
(ii) the suitability of their current accommodation and
(iii) local market rent options.

2.3 In our areas of operation, shared ownership is often a cheaper and more secure housing option for most of our customers.

Definitions
Capital Grant – government grant funding to support the capital costs of developing affordable housing for rent or sale. **Charitable beneficiaries** – the people or organisations that fall within the class of people who will or may be helped by us as a charitable institution. **Industrial and provident society** – an organisation set up to carry out a trade or business for community benefit. **Local Authority Planning policy** – guides future development in the area, including how much development there should be and where it should go, and to aid the determination of planning applications. **Land Led schemes** – the housing association can choose who will be their consultants and building contractor. The housing association has complete control over the design and standard of the finished products within its financial and time constraints. **Local Lettings Policy** – policy to ensure that new homes are meeting the needs of the local community. **Local Planning Authority** – local government body that is empowered by law to exercise urban planning function for a particular area. **National Planning Framework** – sets out the government's planning policies for England and how these are expected to be applied.

Non-profit provider of social housing – not-for-profit organisations set up to provide affordable homes and support local communities. They don't make profits for shareholders. Instead, they invest all the income they make into delivering on their social purpose.

Regulator of Social Housing - the Government Social Housing Regulator, previously the Homes and Communities Agency (HCA).

Section 106 – legal agreements between a planning authority and a developer, or undertakings offered unilaterally by a developer, that ensure that certain extra works related to a development are undertaken.

Shared Ownership – a government scheme that offers eligible first-time buyers and those who don't currently own a home the opportunity to purchase a share of a property whilst paying a reduced market rent to a housing association.

Strategic Housing Market Assessment (SHMA) – explores current and future housing need in some detail and estimates the number of current and future households in housing need. It also provides an analysis of the available stock and requirements of existing affordable housing tenants for different sizes of properties.

Equality, Diversity and Inclusion

This policy will be delivered in accordance with our Equality, Diversity and Inclusion Policy. An Equality Impact Assessment was completed for this policy and considered as part of the approval process.

Data protection

This policy will be delivered in accordance with our Data Protection Policy.
A Data Impact Assessment was completed for this policy and considered as part of the approval process.

Related legislation and regulations

- Charitable vires
- Tax strategy
- National Planning Framework
- Local Lettings Policy

Related policies and procedures

- Shared Ownership Homes Sales Policy

Customer engagement
Customers' views have not been sought when developing or reviewing this policy.

Document Revision History (Record of any changes made to the policy)		
Date	**Changes approved by**	**Details of changes made**